

1 Q. (By Mr. Roberts) Mr. Ditmar, do you know
2 who Lance Faniel is?
3 A. Yes.
4 Q. Do you know who John Midghall is?
5 A. Yes.
6 Q. And what was John Midghall's position in
7 the company in 2001, if you know?
8 A. I believe he was a vice president.
9 Q. Do you see where it says "Accomplishments"
10 on the first page of Exhibit 30?
11 A. Yes.
12 Q. And at the end of the first paragraph it
13 mentions the term "Dispute resolution." Are DMS'
14 claim reps and/or claims persons, including
15 directors, trained in dispute resolution?
16 A. I believe one of the modules in the
17 training program does discuss resolution.
18 Q. What other modules are in the training
19 program?
20 A. I believe there's between 10 and 15
21 different sections, letter writing, policies,
22 disability insurance, medical information,
23 investigations. I don't recall any other names.
24 Q. When you say policies, what does that

1 module provide?
2 A. It discusses a basic disability insurance
3 policy.
4 Q. Can you turn to the second page of the
5 exhibit which is DMS 019, which Mr. Ellis has
6 graciously admitted is an authentic document.
7 MR. ELLIS: I will have a continuing
8 objection to all of this exhibits as a
9 violation of the Court's order of
10 confidentiality with regard to personal
11 information concerning employees of DMS and
12 their personnel files and reviews.
13 MR. ROBERTS: As stated, that
14 protective order that Counsel mentions refers
15 to a different set of documents, not these.
16 Q. (By Mr. Roberts) But the last sentence of
17 the first paragraph on 019 says, "As Lance gets his
18 team to coalesce in 2002, he will expect improvement
19 in the pace devoted to build a case, develop the
20 strategy and when appropriate execute resolution."
21 Do you know what Mr. Midghall was referring
22 to there about building a case, developing strategy,
23 and then, when the time is appropriate, execute
24 resolution?

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1 MR. ELLIS: Objection. It's an
2 improper question to ask this witness.
3 Q. (By Mr. Roberts) Sir?
4 MR. ELLIS: How can he know what's
5 in Mr. Midghall's mind?
6 MR. ROBERTS: How many times do we
7 have to go over, Bill, the fact that when you
8 say "Objection," that's all you're entitled to
9 say in a deposition. When will you abide by
10 the Code of Civil Procedures or the Code for
11 Professional Responsibility?
12 Q. (By Mr. Roberts) Sir, do you know what it
13 is that Mr. Midghall is referring to when he
14 discusses that Lance has been getting his team --
15 strike that.
16 Do you know what he's referring to when he
17 discusses the concept of building a case, developing
18 a strategy, and when appropriate, executing
19 resolution?
20 A. I do not know.
21 Q. Have you ever in your discussions with
22 Mr. Midghall have him refer to building a case,
23 developing a strategy, and executing resolution when
24 appropriate?

1 A. I've never worked for John Midghall.
2 Q. Has the concept of building a case and
3 developing a strategy ever been discussed with you in
4 the halls of DMS among any of your co-workers?
5 A. Not that I can recall.
6 Q. Have you ever worked with any co-workers to
7 develop a strategy on a claim?
8 A. I wouldn't use the term "strategy."
9 Q. Have you heard Mr. Midghall refer to it?
10 A. Have I heard Mr. Midghall refer to --
11 Q. Refer to developing a strategy?
12 A. No, I have not.
13 Q. How about Mr. Anderson?
14 A. No, I have not.
15 Q. Can you turn to the next page, DMS 0047?
16 MR. ELLIS: Same objection.
17 MR. ROBERTS: You have a continuing
18 objection, Counsel.
19 MR. ELLIS: Thank you.
20 MR. ROBERTS: Okay, now I expect you
21 to be mindful of that.
22 Q. (By Mr. Roberts) This is the 2002
23 Performance Plan and Review for John Midghall
24 purportedly prepared by John Anderson. Now, you

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1 report to John Anderson, don't you?
 2 A. Yes.
 3 Q. Paragraph B says, start at the second
 4 sentence, "This includes providing guidance to the
 5 on-site Assistant Vice President of Claims and three
 6 managing Directors. Issues vary but also involve
 7 current personnel and staffing, complex claim
 8 strategies, claim resolution valuations, and managing
 9 effectively to budget."
 10 My question is, have you ever heard
 11 Mr. Anderson, your superior, refer to developing
 12 complex claim strategies?
 13 A. No, I have not.
 14 Q. How about is it expected, as far as you're
 15 aware, or have you heard Mr. Anderson ever refer to
 16 the process of developing a claim resolution
 17 valuation?
 18 A. No, I have not.
 19 Q. And in the next sentence he says,
 20 "Additionally, I direct our Boston lawyers regarding
 21 case strategies including final decision for legal
 22 exposure, legal expenses, settlement timing and
 23 amounts."
 24 Have you in the halls of DMS ever discussed

1 with your co-workers timing of settlement with
 2 claimants?
 3 A. Not that I can recall.
 4 Q. Can you turn to the Bates number document
 5 DMS 0050, which is the first page of the 2001
 6 Performance Review of John Midghall purportedly
 7 performed by his manager, John Anderson?
 8 MR. ELLIS: Same objection.
 9 Q. (By Mr. Roberts) And in the
 10 Accomplishments section, Mr. Midghall -- he was the
 11 vice president at this time, 2001?
 12 A. I believe he was.
 13 Q. In the Accomplishments section, he writes,
 14 the last sentence of that first paragraph, "My
 15 valuation and settlement strategies contributed
 16 heavily to the Boston legal staff favorably settling
 17 many existing lawsuits in 2001."
 18 Are you mindful that Mr. Midghall engaged
 19 in developing settlement strategies in 2001?
 20 A. I'm not aware of that, no.
 21 Q. Have you ever been involved in developing
 22 settlement strategies?
 23 A. No, I have not.
 24 Q. What is your understanding of my question

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1 about your engagement in developing a settlement
 2 strategy? How did you understand that question?
 3 A. I would understand that to say that
 4 strategy is setting out a plan of thought to settle
 5 the claim.
 6 Q. Okay.
 7 A. Saying I'm going to do whatever I need to
 8 do to settle this claim.
 9 Q. So, in your experience at DMS it's never
 10 been the case where there's been such a plan
 11 developed, as far as you're aware, on any claim?
 12 A. I've never been handed a claim and said,
 13 "You need to settle this claim."
 14 Q. That wasn't my question. My question was,
 15 in your experience at DMS, you've never been engaged
 16 in the development of a plan directed at ultimately
 17 settling a claim?
 18 A. Not that I can recall.
 19 Q. How about in your experience at DMS, have
 20 you ever been engaged in the development of a plan to
 21 administer a claim?
 22 A. I wouldn't use the term "plan." We
 23 administer claims. I don't make action plans, so to
 24 speak, as I'm going to do this, this, this, and this.

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1 I handle the claim as the information comes in,
 2 review the file, and determine what I need to do
 3 next. I don't have a written plan or a plan in my
 4 mind. I take it as it goes.
 5 Q. I know there's no written plans, but is it
 6 your sworn testimony that on no claim you've ever
 7 been responsible for or involved in at DMS have you
 8 ever set out some kind of action steps to take in the
 9 future?
 10 A. I may have.
 11 Q. You can't recall any?
 12 A. I don't recall specifically.
 13 Q. And it's not the policy of DMS to develop
 14 strategies on claims?
 15 A. It's not my policy.
 16 Q. There's several references throughout these
 17 performance reviews to the DMS claim management
 18 philosophy. Does that term have any meaning to you?
 19 MR. ELLIS: Same objection.
 20 MR. ROBERTS: The same continuing
 21 objection?
 22 MR. ELLIS: Mm-hmm.
 23 MR. ROBERTS: A little redundant,
 24 wouldn't you say?

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1 explain what I was going to say.

2 Q. If you answer the question, you can
3 explain. But if you don't answer the question I'm
4 going to ask the question. You see, this is a
5 deposition, sir. Questions are asked by the lawyer,
6 the witness is under oath in a duty to answer the
7 questions asked. Nothing else. Do you understand?

8 A. Yes. I would like --

9 Q. Let's go back to that question that he
10 wants to answer this time.

11 A. Before you proceeded to interrupt me.

12 THE COURT REPORTER: "Question:

13 Well, there's several references in these
14 documents and others I've seen authored by
15 DMS that talk about resolving a claim, and
16 even in Mr. Kearney's claim file there are
17 many references to making efforts to resolve
18 his claim. Is that not -- is resolving
19 claims not an objective of DMS?

20 A. In regards to your statement, I was trying
21 to answer the question in that I have not seen the
22 statement resolution in context with Mr. Kearney's
23 claim file. What is the second part of that
24 question.

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1 Q. Well, the only part of the question, quote,
2 Is resolving claims not an objective of DMS? The
3 only question asked and still not answered.

4 A. It depends.

5 Q. It depends. It depends on what?

6 A. It depends on the specific claim you're
7 handling.

8 Q. Okay. So, it is not an overriding
9 objective of DMS to resolve claims?

10 A. What do you mean by resolve?

11 Q. Make them go away. You inherit or you
12 administer closed blocks of business for insurance
13 companies, correct?

14 A. Some of the business is closed.

15 Q. Let's talk about the Jefferson-Pilot.
16 Jefferson-Pilot in January of 2000 sent to DMS,
17 you've testified under oath previously 500, today you
18 say 300 and something claims, correct?

19 A. Yes.

20 Q. That was a closed block of business,
21 correct?

22 A. Yes.

23 Q. Those were all active claims for which
24 claimants were getting checks monthly or

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1 periodically, right?

2 A. I believe some of the claims were pending
3 that we received.

4 Q. Is it your testimony under oath, sir, that
5 it isn't the business philosophy or objective of DMS
6 to resolve ongoing claims such as those for less than
7 the actuarial reserve on the claims?

8 MR. ELLIS: Objection.

9 A. And you're using the term resolved, to make
10 them go away, is that correct?

11 Q. Correct.

12 A. That is not how we were administering this
13 block.

14 Q. Again, that wasn't my question. I didn't
15 ask you how you were administering the block. I
16 never said that, okay? The question is simple. In
17 situations such as you had with Jefferson-Pilot,
18 where you were asked to administer a closed block of
19 business, is it not the objective of DMS to resolve
20 as many claims as it can for less than the actuarial
21 reserve on the respective claims?

22 MR. ELLIS: Same objection.

23 A. No, that is not the objective.

24 Q. Very well. Can you turn to DMS 0029 of

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1 Exhibit 30. This is a Yearly Performance Plan and
2 Review purportedly for Brian Wentworth. And under
3 Accomplishments, the third asterisked paragraph, it
4 says, "Ongoing effort to orient staff to DMS
5 philosophies and methods."

6 Do you know what he's referring to, or
7 what's your understanding of DMS's methods?

8 A. I don't know what he's referring to.

9 Q. Do you have an understanding of what DMS'
10 methods means?

11 A. No, I do not.

12 Q. Can you turn to DMS 0060. Do you know who
13 John Graff is?

14 A. I believe he's an examiner in the Boston
15 office.

16 Q. Working on the Mass Casualty block of
17 business?

18 A. I believe so.

19 Q. He writes in here as a goal, at the bottom
20 of DMS 0060, "A few of my goals are to become more
21 familiar with the different policies and riders to
22 become a good field representative for my clients and
23 to" quote "become more familiar with the DMS claims
24 settlement process."

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1 Do you have an understanding personally of
2 what any DMS claims settlement process may be?
3 A. No, I do not.
4 Q. Have you ever heard anyone prior to today,
5 prior to this deposition, say in your presence that
6 there is some kind of DMS claim settlement process?
7 A. No, I have not.
8 Q. Can you turn to DMS 0078. And if you look
9 at 0077 you'll see that this is a 2001 Yearly
10 Performance Plan and Review on Bill Gelardi by
11 Maureen Cleary. Do you know who she is?
12 A. No, I do not.
13 Q. Do you know who Bill Gelardi is?
14 A. No, I do not.
15 Q. You've never heard his name before?
16 A. No, I haven't.
17 MR. ELLIS: In which case I object
18 still further on this particular document. He
19 has no familiarity with the people or the
20 document.
21 You don't have to make faces, Mike.
22 MR. ROBERTS: I'm not making a face
23 at you. I don't know why you would say that
24 on the record. Well, I do know why you would

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1 say that on the record.
2 Q. (By Mr. Roberts) You see in "Manager's
3 Comments," at DMS 0078, the first paragraph says,
4 "Additionally, I believe claim specialists must have
5 excellent communication skills, the ability to work
6 independently, formulate and implement appropriate
7 claim management strategies."

8 Now, let's assume for purposes of this
9 question that Maureen Cleary is, as is represented by
10 this document, a manager of DMS. Have you ever heard
11 anyone at DMS refer to the formulation and
12 implementation of appropriate claim management
13 strategies?
14 A. Not that I can recall.
15 Q. In the third paragraph of Manager Comments,
16 she states it again. At the end of the third line
17 she writes, "However, your" -- talking about the
18 specific employee -- "letter writing skills and
19 abilities to formulate and effectively implement
20 appropriate claim management strategies
21 simultaneously within your caseload was below
22 expectations."
23 Tell me, as a supervisor and manager at
24 DMS, do you have an expectation that your

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1 subordinates will implement appropriate claim
2 management strategies?
3 A. I don't know what's meant by those terms,
4 so I don't know if I do or not. My understanding of
5 reading that may be different from hers.
6 Q. Okay. What's your understanding of what
7 she might be referring to? How do you approach that
8 language there?
9 A. I believe I tried to define what is meant
10 by strategy before, and I would not say that I have
11 strategies or that my people that work for me develop
12 strategies in terms of claims management.
13 Q. So, in your work and in your history with
14 DMS, you would testify under oath that there's never
15 been an occasion where you have directed anybody or
16 personally created any particular strategy on any
17 claim for which you had involvement, is that true?
18 A. Well, it depends what's meant by strategy,
19 because --
20 Q. The way you understand the word strategy.
21 A. There might be an instance where I'm saying
22 I planned, there may be an instance where I requested
23 medical records with the thought of once I get the
24 records I may do an independent medical examination.

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1 Is that considered a plan? It may be, I don't know.
2 Q. Something like that would be the extent of
3 any strategy in which you've been involved at DMS?
4 A. It depends. It may involve another step.
5 I may say once I get that medical exam it may be
6 reviewed by our in-house medical people. I don't
7 know. Each and every claim's different.
8 Q. Would your strategies go further than that,
9 just a two-step strategy that you've laid out for us?
10 A. I don't know.
11 Q. Can you turn to DMS 0081. This is the
12 second page of an e-mail string that begins at DMS
13 0080 which is part of the exhibit. And it begins in
14 the middle of a fairly long paragraph at the top of
15 081. And four lines up from the bottom of that
16 conclusion of that paragraph there's a sentence at
17 the end that says, "I clarified performance" -- do
18 you see that?
19 A. Yes.
20 Q. She writes, "I clarified performance
21 expectations in terms of appropriate claim handling
22 and the need for management to ensure that all
23 employees were exercising appropriate judgment in
24 pursuing negotiated resolutions appropriately."

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1 Based on your history with DMS in your
 2 position, do you personally feel that management has
 3 a need to ensure that all employees are exercising
 4 appropriate judgment, number one, and number two,
 5 pursuing negotiated resolutions appropriately?

6 A. I don't know what is meant by that
 7 statement.

8 Q. What would you understand the term
 9 "negotiated resolutions" to mean?

10 A. If we're involved with a dispute with an
 11 insured and we were able to reach a compromise.

12 Q. And that's not something you attempt with
 13 every claim?

14 A. I'm not in a dispute in every claim.

15 Q. You don't try to compromise every claim?

16 A. What do you mean by compromise?

17 Q. Get the policyholder to agree to accept a
 18 certain amount of money that's less than the present
 19 day value of the benefits through the termination of
 20 the contract?

21 A. No, I do not.

22 THE WITNESS: What time is it?

23 MR. ELLIS: Five to twelve.

24 THE WITNESS: I'd like to take a

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1 break for lunch, please.

2 MR. ROBERTS: Absolutely.

3 THE VIDEOGRAPHER: Going off record
 4 at 11:54 a.m.

5 (A recess was taken)

6 THE VIDEOGRAPHER: Back on record at
 7 1:23 p.m.

8 Q. (By Mr. Roberts) Mr. Ditmar, you are under
 9 oath still. Did you discuss your testimony with
 10 Mr. Ellis during the lunch break?

11 A. No.

12 Q. Do you refer to Mr. Ellis as "Big Brother"?

13 A. No.

14 Q. Have you ever heard that expression?

15 A. Vaguely.

16 Q. Regarding Mr. Ellis?

17 A. No.

18 Q. Do you perform performance evaluations of
 19 your subordinates that work in the Jefferson-Pilot
 20 block of business?

21 A. Yes.

22 Q. For how many years have you performed that
 23 function?

24 A. Since 2000.

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1 Q. Could you list for me the persons who you
 2 have reviewed?

3 A. Bob Mills, Tony Marecki.

4 Q. Could you spell that for the court
 5 reporter?

6 A. M-A-R-E-C-K-I. Dave LaPorte, Mary McFall,
 7 Mariah Shea, Jacqueline Smegal.

8 Q. Could you spell that last name, please?

9 A. S-M-E-G-A-L.

10 I believe that's it.

11 Q. Who is your review performed by?

12 A. Bill Hughes and John Anderson.

13 Q. Has it always been both of those gentlemen,
 14 or at least since 2000?

15 A. I don't recall.

16 Q. Has Bill Hughes done your reviews since
 17 2000?

18 A. In part with John, yes.

19 Q. Let's turn your attention back to Exhibit
 20 30, if we could. DMS 0081 is the page we left off
 21 on.

22 A. Yes.

23 Q. And the second paragraph.

24 MR. ELLIS: Continuing my objection

1 with this exhibit, questions concerning it.

2 Q. (By Mr. Roberts) The second sentence says,
 3 "I suggested you follow up on the caseload review I
 4 conducted with you on August 30th as this was
 5 intended to help you identify auto pay/settlement
 6 cases."

7 Does the phrase "auto pay/settlement cases"
 8 mean anything to you?

9 A. Not necessarily.

10 Q. What do you mean, not necessarily?

11 A. I don't know what she meant in saying that.

12 Q. Forget about the context --

13 A. I've heard the term "auto pay," I've heard
 14 the term "settlement." I don't know what she means.

15 Q. What is an auto pay case?

16 A. I don't know what her understanding is of
 17 the term auto pay. My understanding of the term auto
 18 pay?

19 Q. Yes.

20 A. Would mean that it's a claim where the
 21 payments continue to go out automatically with less
 22 periodic review.

23 Q. How much less could that possibly be?

24 A. It depends. Usually or typically a claim

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1 would be paid without review for six months or less,
 2 sometimes it may only be once a year depending on the
 3 nature of the circumstances of the claim.

4 Q. Do you know what the meaning is to the --
 5 or do you have an understanding of what it means to
 6 identify a settlement case?

7 A. I don't know what she means, again, in her
 8 terms. A settlement, typically I would refer to it
 9 as a claim where you reach a compromise with the
 10 insured and the claim is resolved.

11 Q. All right. Is there efforts undertaken in
 12 your department, or in the block of business you
 13 work, to identify -- to affirmatively identify
 14 settlement cases?

15 A. It depends on the case. If a case where
 16 the facts are warranted that we would settle the
 17 case, we would do that.

18 Q. Do you have an understanding of the phrase
 19 "advance pay & close opportunity" in that sentence?

20 A. Again, I don't specifically know what she
 21 meant. I have an understanding of the term advance
 22 pay.

23 Q. Does "advance pay" go with "close
 24 opportunity"?

01:28:44 1 A. It could be termed "advance pay & close."
 01:28:46 2 Q. What would be your understanding of the
 3 term "advance pay & close"?

01:28:49 4 A. In a case, for example, where a person
 5 might have a broken leg, and it's agreed with their
 6 physician and our medical department and all other
 7 circumstances where an insured might be able to go
 8 back to work six months from now, we may pay the
 9 claim in advance for six months and agree that at
 10 that point the insured would be able to go back to
 11 work, so we would pay it and close the claim.

01:29:13 12 If additional complications arose, the
 13 insured could call us back and say, "Hey, I need two
 14 more weeks of benefits."

01:29:22 15 Q. For the record, the sentence says "was
 16 intended to help you identify auto pay/settlement
 17 cases, possible advance pay & close opportunities, et
 18 cetera." You gave me a health insurance example.
 19 Has there ever been a case in your experience in the
 20 disability insurance field where you've been involved
 21 in the advance pay and close of a disability claim
 22 for which there was more than five years potentially
 23 left before the policy would otherwise terminate?

01:30:01 24 MR. ELLIS: I object to counsel's

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1 misstatement to the witness's testimony.

2 A. The example I gave you could be a
 3 disability claim. He could have a policy that pays
 4 to age 65. He could be 40 years old, but if he
 5 breaks his leg, his claim in a sense would end and he
 6 would return to work and his policy would still be in
 7 force.

8 Q. Have you ever been involved in a matter
 9 where there has been an advance pay and close of a
 10 claim where the advance pay has been greater than
 11 five years of benefits?

12 A. You're asking -- I just want to clarify.
 13 Advance pay and close, my understanding of advance
 14 pay and close, the insured still has the policy,
 15 still keeps it. The policy doesn't end just because
 16 you pay the claim. They still keep the policy. The
 17 policy doesn't end because we paid him six months of
 18 benefits. It's just returned to a premium paying
 19 basis and his claim, in a sense, is over. That's my
 20 understanding of advance pay and close.

21 Q. How does "close" work into that?

22 A. It means the claim has closed. Where,
 23 if --

24 Q. But the policy's not terminated?

01:31:11 1 A. If you, for example, broke your leg and you
 2 filed paperwork, you would have an open claim. When
 3 you returned to work and were no longer paying
 4 benefits, the claim's closed, you start paying
 5 premiums again if you qualified for a waiver of
 6 premium in that period in between. I'm sorry, I
 7 forgot your question.

01:31:35 8 Q. Back to my question --

01:31:35 9 A. Of the five-year portion?

01:31:38 10 Q. Right.

01:31:38 11 A. Through my experience, advance pay and
 12 close is usually something where you pay no more than
 13 six months in advance. I've not -- I cannot recall a
 14 circumstance where I've paid five years.

01:31:50 15 Q. Her next sentence she says, "We also agreed
 16 to continue to use Management Referrals to assist you
 17 with claim strategy on complex files."

01:32:06 18 Do claim examiners have the opportunity to
 19 request management referrals to assist with claim
 20 strategy, as far as you know?

01:32:14 21 A. I have never heard that term.

01:32:17 22 Q. She uses capital "M" and capital "R" there.
 23 Does the capitalized term Management Referrals have
 24 any meaning to you whatsoever?

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1 Jefferson-Pilot.

2 Q. Can you have a revision outside the
3 contestability stage?

4 A. I'm not sure what you mean by
5 contestability stage.

6 Q. Well, isn't it -- generally there's a
7 two-year contestability period in the policies?

8 A. There's a two-year contestable period.
9 Some of the Jefferson-Pilot policies have what's
10 called tolling language, which means they exclude if
11 a person becomes disabled within that first two
12 years, the contestability period continues to toll
13 because the period of disability is not counted
14 towards that first two years.

15 Q. What are "Settlements"?

16 A. Settlement is either a claim or policy
17 settlement where we reach a compromise with the
18 insured, and it may be a circumstance where the claim
19 is over, they continue keeping their policy and it's
20 returned to a premium paying basis, or a policy
21 settlement which in exchange for a sum of money their
22 policy is canceled.

23 Q. Is there a further breakdown of Settlements
24 into those two categories somewhere?

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A. No.

Q. Is there a report of litigation matters
that's prepared for Jefferson-Pilot?

A. No.

Q. That you're aware of?

A. Not that I'm aware of.

(Exhibit 32, marked)

Q. (By Mr. Roberts) Marked as Exhibit 32 are
some more of these performance reviews I'd like to go
over with you.

MR. ROBERTS: Let's switch tapes.

THE VIDEOGRAPHER: Going off record
at 1:43 p.m.

(Off the record)

THE VIDEOGRAPHER: Back on record at
1:45 p.m.

MR. ELLIS: With regard to Exhibit
32 I'm making the same objection, that subject
to a protective order in a prior case these
are parties, people that are not involved in
this particular case in any way and that I
will object to any questions concerning these
documents and object to the documents.

MR. ROBERTS: It's an inaccurate

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1 statement that these documents are subject to
2 a protective order in a prior case.

3 Q. (By Mr. Roberts) Mr. Ditmar, the second
4 page, DMS 017, this is Mr. Midghall's performance
5 review of a gentleman named Lance Faniel, and
6 approximately halfway down this long paragraph
7 there's a sentence that starts in the middle of the
8 page, "Since" -- do you see that?

9 A. "Since this agreement"?

10 Q. Yes. -- I have had a few strategy
11 meetings with Lance."

12 Have you ever discussed with Mr. Midghall
13 the conduct of strategy meetings with subordinates on
14 claims?

15 A. No, I have not.

16 Q. I want you to skip several documents to DMS
17 055. I think they're in numerical order. Do you
18 know Cheryl Blomgren?

19 A. I believe she's a director in the Boston
20 office.

21 Q. Which is where the Massachusetts Casualty
22 business is?

23 A. Yes.

24 Q. And John Graff works on that business?

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A. I believe so.

Q. This document purports to be his
performance review in the year 2002, and specifically
at page 2 do you see where the heading says "Goals"?

A. Yes.

Q. Right above that paragraph, the last
sentence of that paragraph says "Members of the claim
department have asked for my opinion on different
claim situations and I have discussed strategy with
them when appropriate."

Is that a common experience at DMS where
representatives or claim reps among themselves or
with their superiors discuss strategy on particular
claims?

A. I don't know what she means by the term
"strategy." Claims people do discuss claim
situations or claims with each other and/or managers.
I don't know what they mean by the term "strategy,"
necessarily.

Q. I think that's Mr. Graff's statement there
in his Accomplishments section.

A. Okay.

Q. Do you fill out the same type of
performance review form?

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1 A. For my people?
 2 Q. Yes.
 3 A. Yes.
 4 Q. And so you recognize this as a DMS
 5 performance review form?
 6 A. Yes.
 7 Q. In the third page of his review there,
 8 0056, the last paragraph, the end of the fourth line
 9 it says -- and this purportedly is Cheryl Blomgren's
 10 supervisor saying, "He knows when to move the claim
 11 to the next level for review or strategy."
 12 Have you ever had a discussion with
 13 Ms. Blomgren where she talks about her expectation
 14 that the claims folks beneath her move their claims
 15 to a strategy level?
 16 A. No, I have not.
 17 Q. 0058, the second page of Mr. Graff's 2001
 18 review, and in the middle of the page there's a
 19 paragraph that has the heading "Goals." The fourth
 20 line he expresses the interest that he, quote, "Wants
 21 to become even more familiar with the claim
 22 philosophy."
 23 Is there a claim philosophy at DMS other
 24 than we make every effort to in good faith fairly.

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1 fully, and accurately administer claims?
 2 A. I believe I had indicated before that the
 3 only philosophy I'm aware of in respect to claims is
 4 that we handle claims fairly, equitably and try to
 5 make the correct decisions.
 6 Q. Can you turn to 0064. Do you know who Jeff
 7 Champagne is?
 8 A. Yes.
 9 Q. In his Accomplishments section which starts
 10 on the first page, 0064, then carries over to 0065, I
 11 want to concentrate on 0065 briefly, if we could.
 12 A. Okay.
 13 Q. The second page, the first paragraph starts
 14 with "Additionally," the next paragraph starts
 15 "In-house"?
 16 A. Yes.
 17 Q. The second paragraph says "In-house
 18 training conducted by myself included discussions on
 19 file assessment and strategy, phone calls on
 20 difficult cases and complicated issues, and
 21 conference calls on resolution cases."
 22 Does Mr. Champagne hold a similar position
 23 in the Boston office that you hold here in
 24 Springfield, Massachusetts?

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1 A. Somewhat.
 2 Q. You both are responsible for a block of
 3 business?
 4 A. Yes.
 5 Q. Do you conduct in-house training on file
 6 assessment and strategy for your folks?
 7 A. I train my people on how to administer
 8 claims periodically through working with them on a
 9 one-on-one basis.
 10 Q. Have you ever heard Mr. Champagne use the
 11 term "resolution cases"?
 12 A. I'm not sure what he means by the term
 13 "resolution cases."
 14 Q. Have you ever heard him use that phrase?
 15 A. No, I have not.
 16 Q. Can you turn to DMS 0073. And this
 17 purports to be a review performed by Mr. Midghall of
 18 a gentleman named Rick Turek. And the last line of
 19 this first page, 0073, recites a goal of, quote,
 20 "Developing better strategies when attempting to
 21 resolve" and then carried over to the next page,
 22 0074, "claim issues."
 23 Are you mindful of other co-workers at DMS
 24 having goals of developing strategies when attempting

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1 to resolve claim issues?
 2 A. I'm not aware of other individuals' goals,
 3 other than the individuals that work with myself.
 4 MR. ROBERTS: Okay, Bill, why don't
 5 you make your call now. Do you want this on
 6 or off the record?
 7 MR. ELLIS: Doesn't matter to me.
 8 THE VIDEOGRAPHER: Going off the
 9 record at 1:54 p.m.
 10 (A recess was taken)
 11 THE VIDEOGRAPHER: Back on record at
 12 2:12 p.m.
 13 Q. (By Mr. Roberts) When we went off record,
 14 Mr. Ditmar -- we're back on record and you're still
 15 under oath. You understand that?
 16 A. Yes.
 17 Q. We were talking about the persons who you
 18 supervised and who supervised you, I believe.
 19 Actually, we did that a lot earlier, I apologize. We
 20 just finished Exhibit 32.
 21 Do you ever speak with the legal staff at
 22 DMS about any substantive matters that you're dealing
 23 with?
 24 A. If I have a question I may speak with them.

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1 document contained in the claim file, Bates 2880,
 2 says, "Dear Todd: As you requested in your letter
 3 dated September 12, '97, enclosed you will find a
 4 copy of policy form WJ576A, which is the same policy
 5 from both of the above insureds policies."

6 Is it your testimony under oath that you
 7 didn't receive that entire policy but rather just a
 8 portion that talks about the ability to audit?

9 A. I believe we got a portion of the policy
 10 that is contained in the claim file. I do not recall
 11 that a schedule page was included and whether or not
 12 the riders were included also.

13 Q. You were told, though, by Mr. Shelton
 14 through this correspondence that he was on a residual
 15 disability, right?

16 A. At some point I believe Mr. Shelton
 17 mentioned that.

18 Q. Well, I think we saw a reference here in
 19 the documents, didn't we?

20 A. Under which one?

21 Q. Well, let's look at them. On September 12
 22 of '97, which is labeled 2886, you tell Mr. Shelton
 23 that you're going to investigate in great depth what
 24 his occupational duties are and determine the exact

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1 keep them.

2 Q. You mean after your consulting assignment
 3 concluded you sent the documents back?

4 A. I believe at some point in the middle of
 5 1998 after Janet Beattie had met with the insured,
 6 created a report, I forwarded the report, and I don't
 7 believe I had any additional involvement in the claim
 8 until it was received at some point in January of
 9 2000.

10 Q. Well, the transmittal -- you've reviewed
 11 that transmittal of the Janet Beattie report in the
 12 past couple days. You transmitted only the Beattie
 13 report. I see no transmittal in the file, in '98 or
 14 '99, of the entire file back to Jefferson-Pilot.

15 A. I would have mailed that by hard copy. I
 16 wouldn't have faxed it to them.

17 Q. Understood. Why is there not a transmittal
 18 letter?

19 A. I don't know if I would have done a letter
 20 or not. I would have just put it in an envelope and
 21 sent it to Mr. Shelton.

22 Q. Are you testifying under oath that that in
 23 fact happened, or are you just speculating?

24 A. I would have sent any and all documents

1 duties he performs on a daily basis. Is someone on
 2 total disability performing duties on daily bases?

3 A. The question that you asked me, I believe
 4 two questions ago, was whether or not Mr. Shelton
 5 told me that. I believe after my review of the claim
 6 file it was apparent that Mr. Kearney continued to
 7 work in his business and that he was claiming
 8 residual disability. I thought your question was did
 9 Mr. Shelton specifically tell me that.

10 Q. So by the fall of 1997 you had an
 11 understanding that it was a residual disability
 12 claim, right?

13 A. I believe that was my understanding.

14 Q. Thank you. And you wouldn't have requested
 15 the residual disability rider?

16 A. I believe the only reason I requested the
 17 policy was to look at the terms of the financial
 18 audit impact on his claim.

19 Q. Is every document you received from
 20 Jefferson-Pilot in the claim file?

21 A. I don't recall what we did receive from
 22 Jefferson-Pilot. We received some photocopies. Any
 23 documents that we created or received would have been
 24 forwarded back down to Jefferson-Pilot, we didn't

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1 received to Mr. Shelton during the course of our
 2 evaluation of the claim.

3 Q. Received from Mr. Kearney or received from
 4 Jefferson-Pilot?

5 A. Received from Jefferson-Pilot, Mr. Kearney,
 6 and any other outside sources. We would have
 7 returned all the documents we received to them.

8 Q. So it's your testimony that in December of
 9 1999 DMS maintained no documents relative to
 10 Mr. Kearney?

11 A. I do not personally. I don't know if
 12 anybody else at DMS did.

13 Q. I'm going to hand you what's been marked as
 14 Exhibit 8. First, do you know whether or not
 15 residual disability benefits under Mr. Kearney's
 16 policy might be payable for lifetime if the residual
 17 disability begins before the age of 45?

18 A. I believe they are.

19 Q. The policy speaks for itself on that?

20 A. I believe residual -- I believe under
 21 Mr. Kearney's policy, if his disability commences
 22 before age 45, benefits are payable for life under
 23 the terms and conditions of his policy.

24 Q. If DMS makes that kind of assessment or

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